

This document has been prepared by
and, after recording, please return to:
Christopher G. Kulp
Hunton & Williams LLP
951 East Byrd Street
Richmond, Virginia 23219

Tax Parcel Number: _____

RECORDER'S NOTE: THE INDUSTRIAL DEVELOPMENT AUTHORITY OF FAUQUIER COUNTY, VIRGINIA, AND THE COUNTY OF FAUQUIER, VIRGINIA, ARE EXEMPT FROM RECORDATION TAXES PURSUANT TO SECTION 58.1-811(E) OF THE CODE OF VIRGINIA OF 1950, AS AMENDED, AND CLERK'S FEES PURSUANT TO SECTION 17.1-266 OF THE CODE OF VIRGINIA OF 1950, AS AMENDED.

PRIME LEASE

THIS PRIME LEASE dated as of _____ 1, 2009 (the "Effective Date"), by and between the **BOARD OF SUPERVISORS OF THE COUNTY OF FAUQUIER, VIRGINIA**, on behalf of the **COUNTY OF FAUQUIER, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the "County"), as lessor and a grantor for indexing purposes, and the **INDUSTRIAL DEVELOPMENT AUTHORITY OF FAUQUIER COUNTY, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the "Authority"), as lessee and a grantee for indexing purposes, provides:

W I T N E S S E T H:

WHEREAS, the Authority desires to acquire a leasehold interest in certain land located in the County of Fauquier, Virginia, as more fully described in Exhibit A (such land and all improvements now or hereafter existing thereon, the "Premises"), in connection with securing a loan to the County to finance (a) an the Vint Hill Farms wastewater treatment plant owned by the Fauquier County Water and Sewer Authority's (the "Project") and (b) the related costs of issuance; and

WHEREAS, the Authority, the County and _____ Bank, _____, Virginia, as purchaser (the "Purchaser"), will enter into a Note Purchase Agreement and Lease Agreement dated as of _____ 1, 2009 (the "Lease Agreement"), to provide the terms for the issuance of the Authority's Note (as defined in the Lease Agreement) to provide funds for the Costs of the Project (as defined in the Lease Agreement); and

WHEREAS, the County has heretofore acquired the Premises and financed a portion of the Project from its own funds; and

WHEREAS, the County desires to lease the Premises to the Authority as security for the loan to finance the Project and the County will then sublease the Premises from the Authority pursuant to the Lease Agreement, and the Authority desires to enter into this Prime Lease with the County in order to secure the financing of the Project; and

WHEREAS, the County and the Authority wish to provide for the possibility of substituting other property and land (the "Substitute Property") as the leased collateral under this Prime Lease;

NOW, THEREFORE, for and in consideration of the mutual covenants hereinafter contained and other valuable consideration, the parties hereto covenant and agree as follows:

Section 1. Lease of Property. The County hereby demises and leases to the Authority, and the Authority hereby leases from the County, the Premises.

Section 2. Term. The term of this Prime Lease shall commence on the Effective Date and shall expire _____, unless such term is terminated earlier as hereinafter provided.

Section 3. Rental. The Authority shall pay to the County, on the Effective Date, the sum of \$10.00 from the proceeds of the Note, such sum representing the full amount of rent to be paid for the term of this Prime Lease.

Section 4. Purpose. The Authority shall use the Premises solely for the purpose of leasing the Premises to the County pursuant to the Lease Agreement, as well as for such purposes as may be incidental thereto; provided, however, that if any default by the County occurs under the Lease Agreement and such default is not cured within any applicable notice and cure period, then the Authority shall be entitled to use the Premises for any lawful use.

Section 5. Title to Property. The County represents and warrants that it is the owner in fee simple of the Premises as it exists on the date hereof. The Authority acknowledges and agrees that the County shall at all times retain fee simple title to the Premises and at no time shall fee simple title reside in the Authority.

Section 6. Assignment and Sublease. The Authority may assign its rights under this Prime Lease or sublet the Premises without the consent of the County only (a) in connection with any entering into, and assignment of its rights under, the Lease Agreement or (b) if the Lease Agreement is terminated because either an Event of Default or an Event of Non-Appropriation (within the meaning each term is assigned in the Lease Agreement) has occurred and is continuing.

Section 7. Fees and Expenses. The County shall pay all reasonable expenses of the Authority arising out of the transactions contemplated by the Lease Agreement and this Prime Lease.

Section 8. Termination. (a) Upon the payment of all outstanding Basic Rent and Additional Rent (as each term is defined and as provided for in the Lease Agreement) or upon the expiration of the term hereof, the leasehold estate of the Authority hereunder shall terminate. The Authority agrees upon such termination to surrender the Premises to the County and, upon the request of the County, to execute appropriate instruments evidencing such termination.

(b) The County shall not have the right to exclude the Authority from the Premises or take possession of the Premises (other than pursuant to the Lease Agreement) or to terminate this

Prime Lease prior to the expiration of its term upon any default by the Authority of its obligations hereunder. However, in the event of a default by the Authority hereunder, the County may maintain an action for specific performance

Section 9. Quiet Enjoyment. Subject to the provisions of this Prime Lease, the Authority at all times during the term of this Prime Lease shall peaceably and quietly have, hold and enjoy the entire leasehold estate created hereunder.

Section 10. Amendments to Release Property. (a) In the event that the County elects to prepay Basic Rent from the Net Proceeds (as defined in the Lease Agreement) received from (i) any insurance recovery obtained pursuant to Section 21 of the Lease Agreement, or (ii) any condemnation, eminent domain, or loss of title award obtained pursuant to Section 22 of the Lease Agreement, Exhibit A hereto may be amended, at the option of the County, to release any portion of the Premises from the terms of this Prime Lease so long as the removal of such portion of the Premises leaves the Premises with a market value, as determined by a licensed real estate appraiser mutually acceptable to the Authority and the County, at least equal to the principal amount of the Note then outstanding (as defined in the Lease Agreement).

(b) At any time, the County may elect to release the Premises from the terms of this Prime Lease and substitute the Substitute Property as leased collateral under this Prime Lease; provided that the Substitute Property may be substituted as leased collateral under this Prime Lease only if the Substitute Property, on the date of substitution, has a market value, as determined by a licensed real estate appraiser mutually acceptable to the Authority and the County, at least equal to the principal amount of the Note then outstanding.

At such time as the County elects for the Substitute Property to become leased collateral under this Prime Lease, this Prime Lease shall be amended pursuant to the terms of an Amendment to Prime Lease, in substantially the form of Exhibit B hereto, to be entered into by the Authority and the County at that time with the consent of the Purchaser.

Section 11 Notices. All notices to be given under this Prime Lease shall be in writing and shall be deemed to have been given when delivered in person or when mailed by first class registered or certified mail, postage prepaid, addressed (a) if to the County, at 10 Hotel Street, Warrenton, Virginia 20186 (Attention: Director of Finance), or (b) if to the Authority, at 10 Hotel Street, Warrenton, Virginia 20186 (Attention: Chairman). The County and the Authority may, by notice given hereunder, designate any future or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

Section 12. Severability. If any provision of this Prime Lease shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

Section 13. Liability of Authority. Notwithstanding any provision of this Prime Lease to the contrary, the obligations of the Authority under this Prime Lease are not general obligations of the Authority, but are limited obligations payable solely from proceeds of the Note. No director or officer of the Authority shall be personally liable on any of the Authority's obligations hereunder.

Section 14. Successors and Assigns. This Prime Lease shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 15. Counterparts. This Prime Lease may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute but one and the same Prime Lease.

Section 16. Governing Law. This Prime Lease shall be governed by the laws of the Commonwealth of Virginia.

Section 17. No Merger. The reversionary and leasehold estates in and to the Premises created by this Prime Lease shall not merge but shall always remain separate and distinct, notwithstanding the union of such estates by purchase or otherwise in the Authority, the County, any lessee or any third party, unless the person holding both of such estates shall expressly elect in writing for them to merge.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURES APPEAR ON THE FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties have caused this Prime Lease to be duly executed and is effective as of the ____ day of _____, 2009, by their duly authorized representatives.

**BOARD OF SUPERVISORS OF THE COUNTY OF
FAUQUIER, VIRGINIA, on behalf of
COUNTY OF FAUQUIER, VIRGINIA**

By _____
County Administrator

COMMONWEALTH OF VIRGINIA)
_____)

The foregoing instrument was acknowledged before me in _____, Virginia,
this ____ day of _____, 2009, by Paul S. McCulla, County Administrator, County of Fauquier,
Virginia.

My commission expires: _____

My Registration Number is: _____

Notary Public

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF FAUQUIER COUNTY, VIRGINIA**

By _____
Chairman

COMMONWEALTH OF VIRGINIA)
_____)

The foregoing instrument was acknowledged before me in _____, Virginia,
this ____ day of _____, 2009, by _____, Chairman, Industrial
Development Authority of Fauquier County, Virginia.

My commission expires: _____

My Registration Number is: _____

Notary Public

Description of the Premises

Exhibit B - FORM OF AMENDMENT

This document has been prepared by
and, after recording, please return to:
Christopher G. Kulp
Hunton & Williams LLP
951 East Byrd Street
Richmond, Virginia 23219

Tax Parcel Number: _____

RECORDER'S NOTE: THE INDUSTRIAL DEVELOPMENT AUTHORITY OF FAUQUIER COUNTY, VIRGINIA, AND THE COUNTY OF FAUQUIER, VIRGINIA, ARE EXEMPT FROM RECORDATION TAXES PURSUANT TO SECTION 58.1-811(E) OF THE CODE OF VIRGINIA OF 1950, AS AMENDED AND CLERK'S FEES PURSUANT TO SECTION 17.1-266 OF THE CODE OF VIRGINIA OF 1950, AS AMENDED

AMENDMENT TO PRIME LEASE

THIS AMENDMENT TO PRIME LEASE, entered into this ____ day of _____, _____, by and between the **BOARD OF SUPERVISORS OF THE COUNTY OF FAUQUIER, VIRGINIA**, on behalf of the **COUNTY OF FAUQUIER, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the "County"), as lessor, the **INDUSTRIAL DEVELOPMENT AUTHORITY OF FAUQUIER COUNTY, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the "Authority"), as lessee, and _____ **BANK**, a _____ banking association (the "Purchaser"), as beneficiary under the hereinafter defined Assignment, recites and provides:

WITNESSETH:

WHEREAS, the County and the Authority have previously entered into a Prime Lease dated as of _____ 1, 2009, and recorded in the Clerk's Office of the County on _____, 2009, as Instrument No. _____ (the "Prime Lease"), whereby the County demised and leased to the Authority certain land and improvements located in the County of Fauquier, Virginia (as more fully described in Exhibit A to the Prime Lease, the "Premises"), in order to accomplish the undertaking of the Project (as defined in the Prime Lease); and

WHEREAS, the Authority, the County and the Purchaser previously have entered into a Note Purchase Agreement and Lease Agreement dated as of _____ 1, 2009 (the "Lease Agreement"), and recorded in the Clerk's Office of the County on _____, 2009, as Instrument No. _____, pursuant to which the Premises was leased from the Authority to the County; and

WHEREAS, the Purchaser and the _____, the Authority and certain individual trustees previously have entered into an Assignment of Leases and Rents dated as of _____ 1, 2009 (the "Assignment"), and recorded in the Clerk's Office of the County on _____, 2009, as Instrument No. _____, pursuant to which the County and the Authority secured certain obligations to the Purchaser by assigning all leases, rents, income and profits then existing or thereafter arising out of the Premises, excluding the Lease Agreement; and

WHEREAS, pursuant to the Prime Lease, the County has the right, upon the acquisition of fee simple title to the hereinafter defined _____ Property, to substitute the Project and related land (as more fully described in Exhibit B to the Prime Lease, the “_____ Property”) for the Premises as the leased collateral under the Prime Lease; and

WHEREAS, by deed dated _____, _____, and filed as Instrument No. _____ in the Clerk’s Office of the County, the County [has acquired] [owns] fee simple title to the _____ Property and desires to substitute the _____ Property for the Premises as leased collateral under the Prime Lease; and

NOW, THEREFORE, the parties hereto agree to amend the Prime Lease as follows:

Section 1. Lease of _____ Property.

The County hereby demises and leases to the Authority, and the Authority hereby leases from the County, the _____ Property. The Prime Lease is hereby modified and amended such that Exhibit A of the Prime Lease is replaced with Exhibit A to this Amendment to Prime Lease. All references to Exhibit A in the Prime Lease are hereby replaced with Exhibit A to this Amendment to Prime Lease. The Premises originally described in Exhibit A to the Prime Lease is hereby released from the terms of the Prime Lease. All references in the various Sections of the Prime Lease to the “Premises” shall be construed to be references to the _____ Property from and after the date hereof. All representations of the County made in the Prime Lease are incorporated by reference herein and made by the County as of the date hereof.

Section 2. Amendments to Release Property.

Section 10 of the Prime Lease is hereby amended and restated in its entirety to read as follows:

In the event that the County elects to prepay Basic Rent from the Net Proceeds (as defined in the Lease Agreement) received from (a) any insurance recovery obtained pursuant to Section 21 of the Lease Agreement, or (b) any condemnation, eminent domain, or loss of title award obtained pursuant to Section 22 of the Lease Agreement, Exhibit B hereto may be amended, at the option of the County, to release any portion of the _____ Property from the terms of this Prime Lease so long as the removal of such portion of the _____ Property leaves the _____ Property with a market value, as determined by a licensed real estate appraiser mutually acceptable to the Authority and the County, at least equal to the principal amount of the Note then outstanding (as defined in the Lease Agreement).

Section 3. Counterparts.

This Amendment to Prime Lease may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute but one and the same Amendment to Prime Lease.

Section 4. Consent of Purchaser to Amendment to Prime Lease.

The undersigned officer of the Purchaser, by execution hereof, consents to the execution and recordation of this Amendment to Prime Lease on behalf of the Purchaser.

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed this ____ days of _____, _____, by their duly authorized representatives.

**BOARD OF SUPERVISORS OF THE COUNTY OF
FAUQUIER, VIRGINIA, on behalf of
COUNTY OF FAUQUIER, VIRGINIA**

By _____
County Administrator

COMMONWEALTH OF VIRGINIA)
_____)

The foregoing instrument was acknowledged before me in _____, Virginia,
this ____ day of _____, 20__, by [Paul S. McCulla], County Administrator, County of
Fauquier, Virginia.

My commission expires: _____

My Registration Number is: _____

Notary Public

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF FAUQUIER COUNTY, VIRGINIA**

By _____
Chairman

COMMONWEALTH OF VIRGINIA)
_____)

The foregoing instrument was acknowledged before me in _____, Virginia,
this ____ day of _____, 20__, by _____, Chairman, Industrial
Development Authority of Fauquier County, Virginia.

My commission expires: _____

My Registration Number is: _____

Notary Public

_____ **BANK**

By: _____

[_____ SEAL]

Attest:

Secretary

COMMONWEALTH OF VIRGINIA)
COUNTY OF FAUQUIER)

The foregoing instrument was acknowledged before me in _____, Virginia,
this ____ day of _____, 20__, by _____, as _____ of
_____ Bank.

My commission expires: _____

My Registration Number is: _____

Notary Public

[SEAL]

EXHIBIT A

_____ **Property Description**